

Asset Protection Planning Planning for Long-term Care Costs

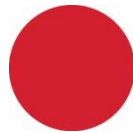
Kelly R. Gusmano, Esq.



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The Documents Everyone Should Have

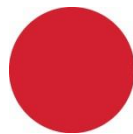
- Last Will and Testament
- **Durable General Power of Attorney**
 - **With a statutory gifts rider**
- Living Will and Health Care Proxy
- Beneficiary Designation Forms



Changing Circumstances

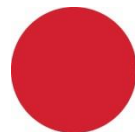
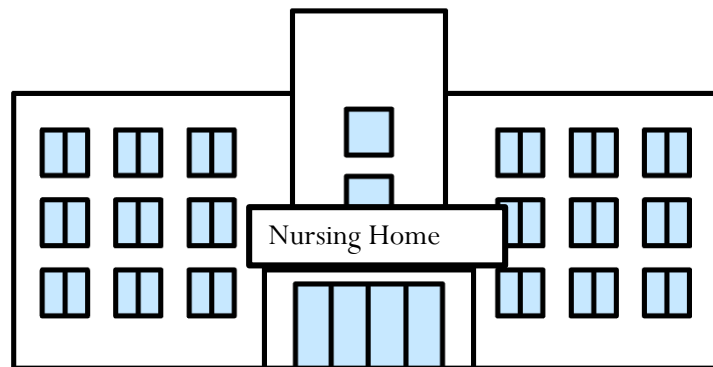
- Your estate plan may be set and your documents may be signed, but...

Long-term care costs, such as nursing home room and board, assisted living facilities, and in-home aides, can substantially deplete your savings and alter your original estate plan!

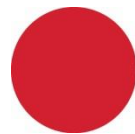


Nursing Home Room & Board

- Nursing homes can range anywhere from \$12,000 per month to \$17,000 per month!



How do I pay for all of this??



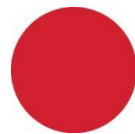
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Payment for Care

- Medicare and supplemental insurance plans will cover short-term rehab. Typically this coverage lasts 100 days (possibly with a co-pay after day 20), but this coverage could be cut at any time.
- Privately pay for care (\$180,000 per year!)
- Long-term care insurance.

AND/OR

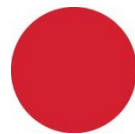
- Medicaid



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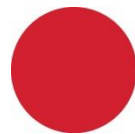
Why Medicaid?

- We all pay into Medicaid and no one should have to become impoverished in order to pay for health care.
- Medicaid can reduce your monthly bill from \$15,000 to \$1,000 or \$2,000 (more or less depending upon the applicant's monthly income)
- The ongoing payment to the nursing home is based upon an applicant's income, and, therefore, will continue to be affordable in perpetuity.



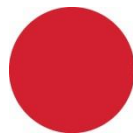
Medicaid Eligibility Requirements

- Resource limit of \$15,900
 - Includes: bank accounts, stocks, bonds, mutual funds, other non-qualified investments, life insurance cash value
 - Does not Include: house and adjoining property, life estates, one vehicle (provided it is in use), retirement funds (provided the applicant is receiving distributions), prepaid burial account
- No strict income limit (but must be less than monthly nursing home bill at the private pay rate)

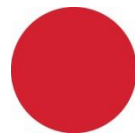
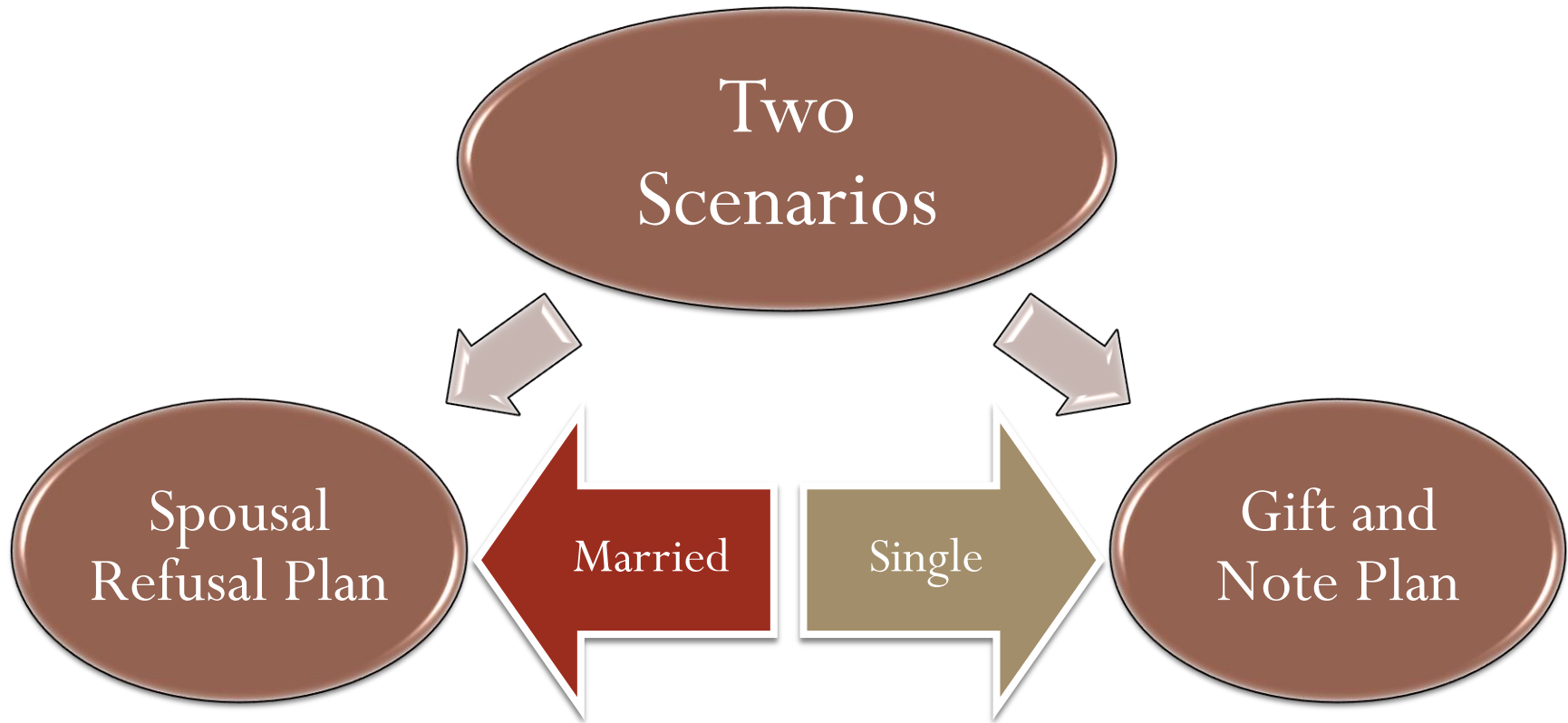


What about the Five-year Lookback?

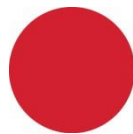
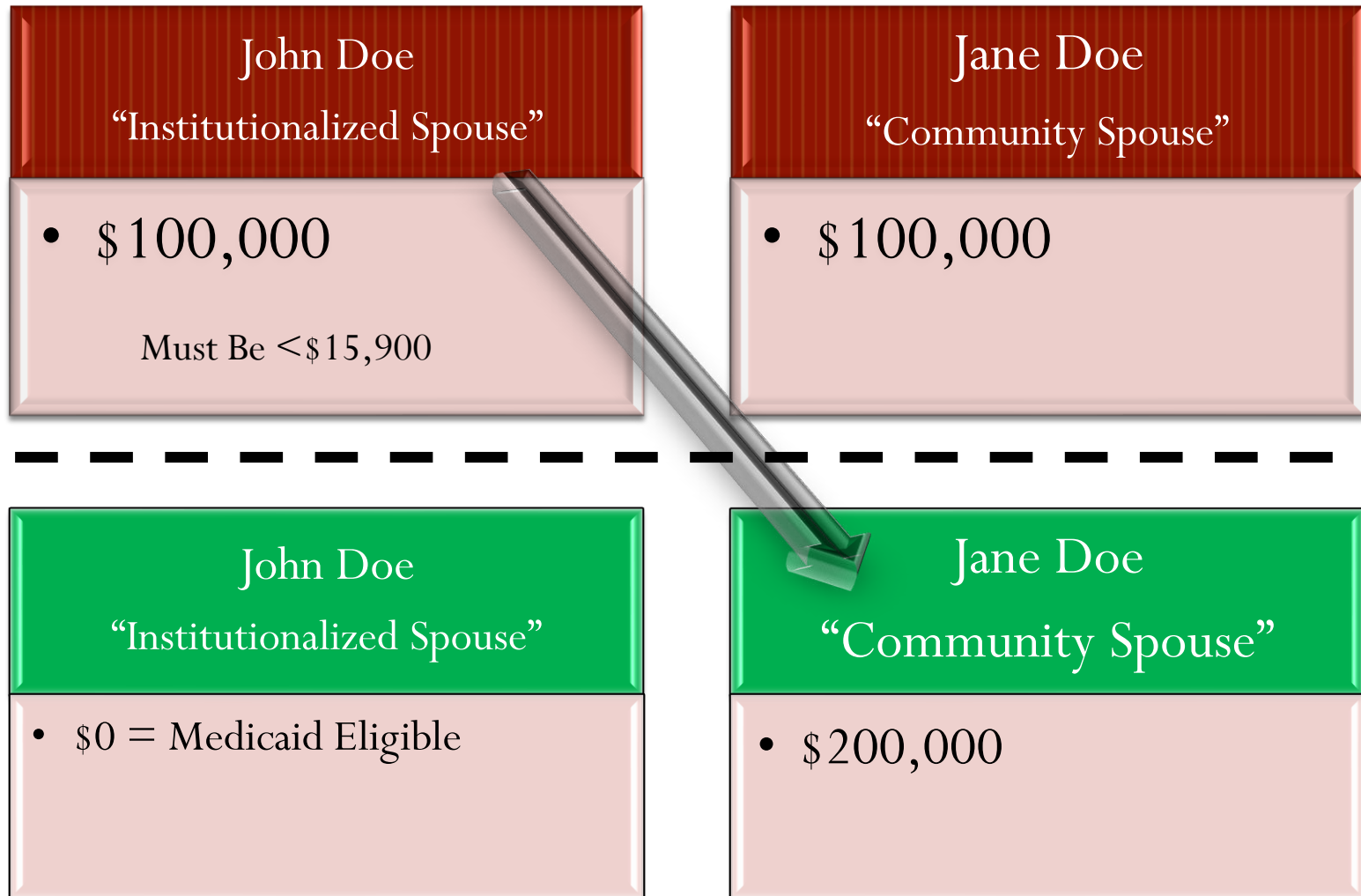
- One-month penalty for every \$11,054 that is gifted within the prior 60 months before applying for Medicaid.
- It is never too late to engage in strategies to preserve assets, even when there has been prior gifting! We can plan to save assets even when someone is about to enter a nursing home.
 - We do this by making use of exempt transfers. There is no penalty for transferring assets to a spouse or disabled/minor child.



Crisis Planning on Entry to Nursing Home

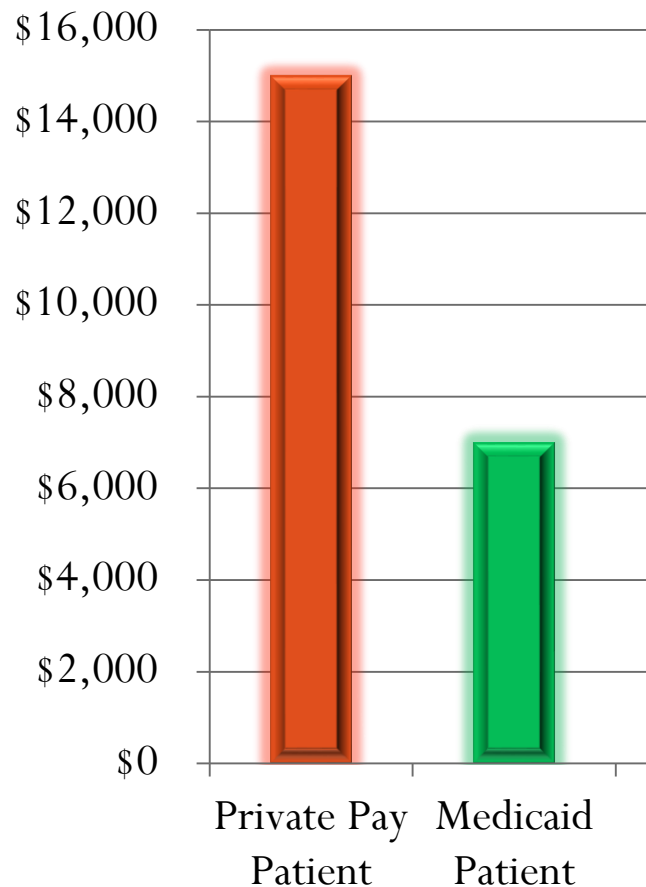


Spousal Refusal Plan



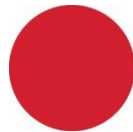
Spousal Refusal Plan

Private Pay v. Medicaid

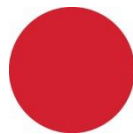
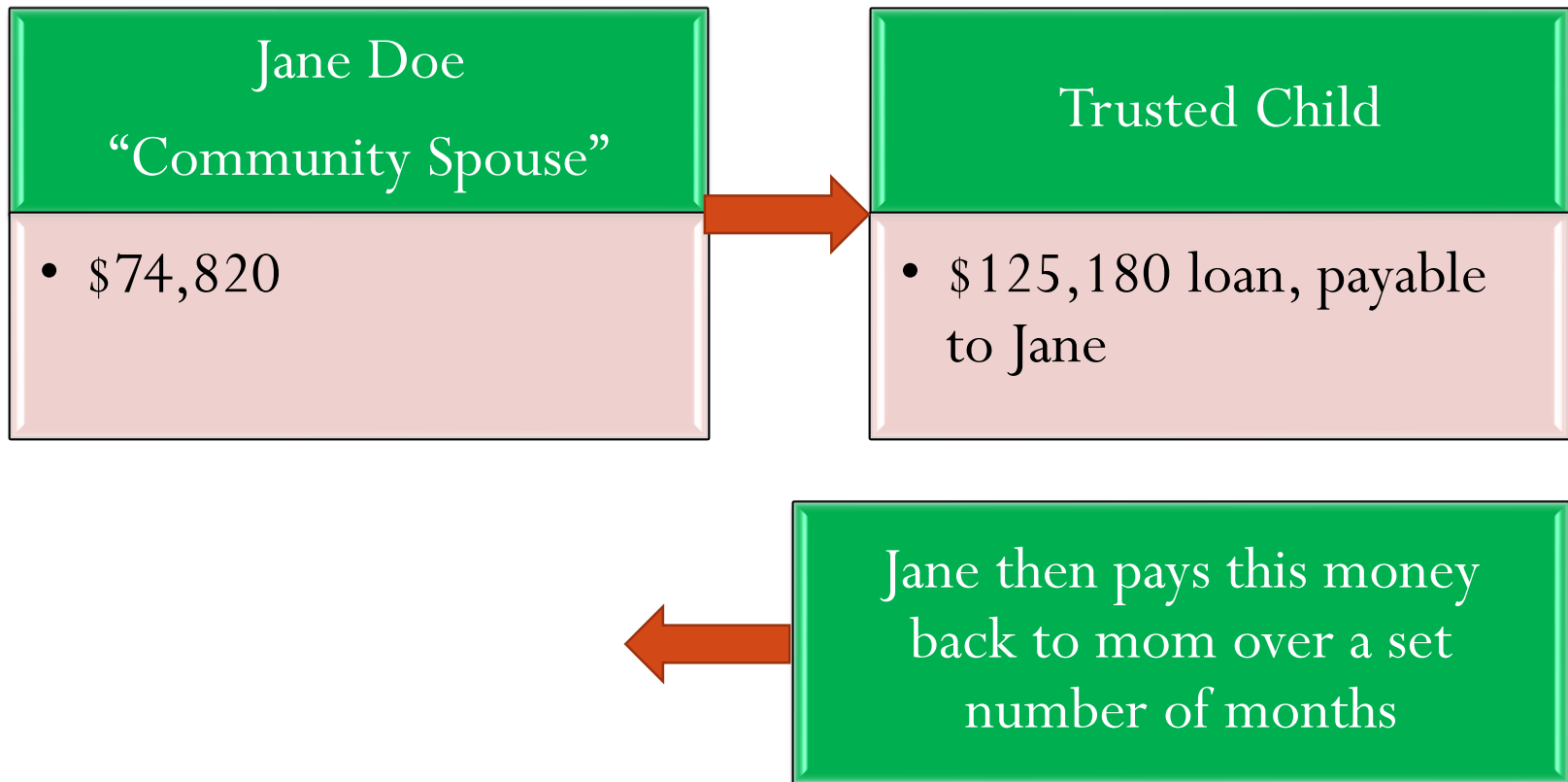


Medicaid's Rights to Reimbursement in Spousal Cases

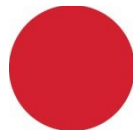
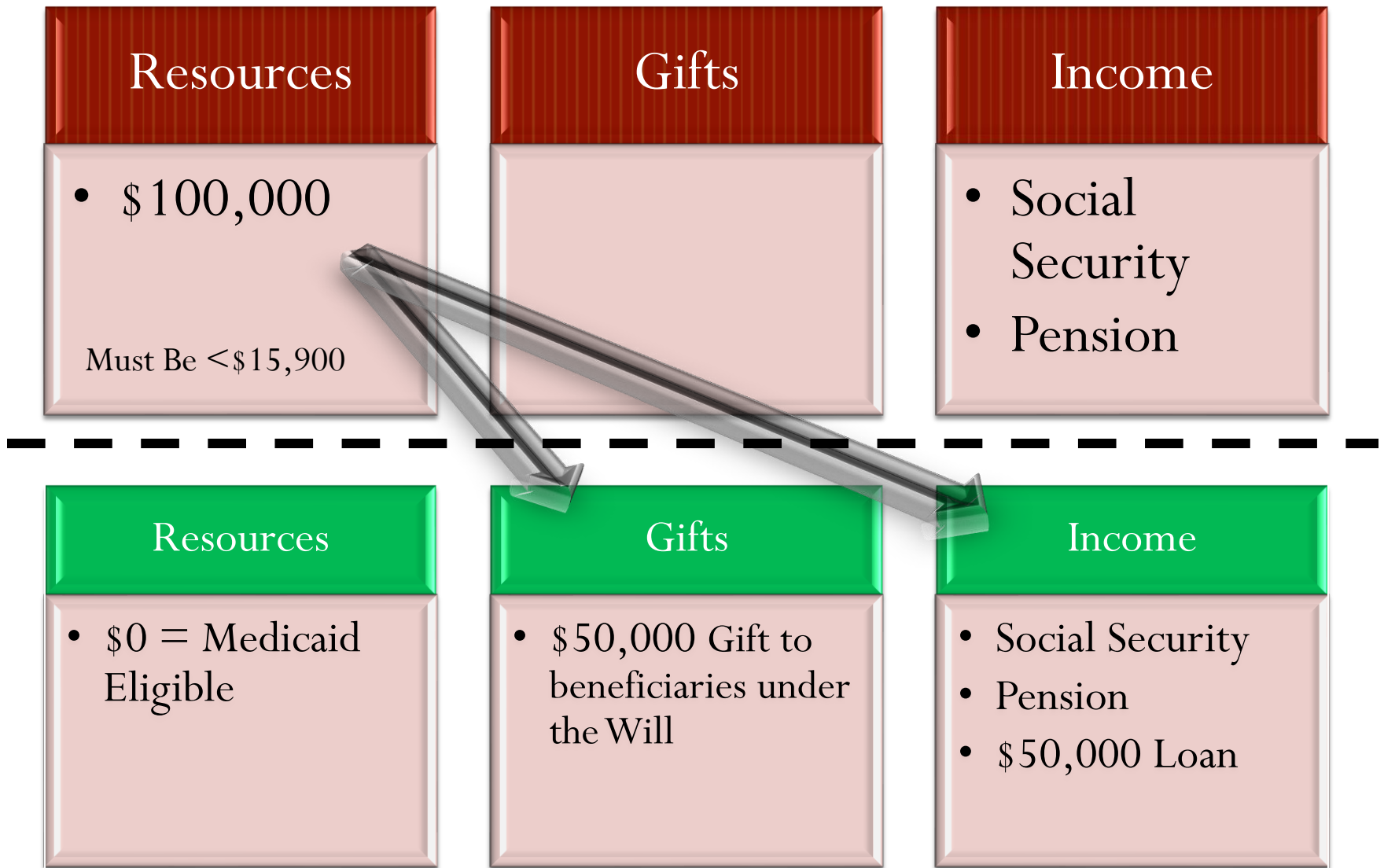
- Community Spouse entitled to first ~\$3,000 of marital income.
- Medicaid may seek income contribution from community spouse's income in excess of ~\$3,000
- Medicaid may seek resource reimbursement from community spouse where community spouse has more than ~\$74,820



Income-Stream Plan



Gift and Note Plan



Summary

- A basic estate plan provides fundamental protection and everyone should have the tools necessary to make sure their plan clear.
- Crisis Planning – Asset protection options exist even on entry to nursing home.



Questions??

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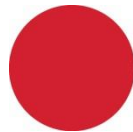
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